UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2016   Docket No. ACR2016

CHAIRMAN'S INFORMATION REQUEST NO. 20

(Issued February 22, 2017)

To clarify the basis of information provided by the Postal Service in its FY 2016 Annual Compliance Report (ACR), filed December 29, 2016,[1] the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than March 1, 2017.

City Carrier Cost System (CCCS), Rural Carrier Cost System (RCCS), and In-Office Cost System (IOCS)

1.   In section III.C of Library Reference USPS-FY16-34, the Postal Service states that "[e]very city letter route is assigned to one of four strata based upon whether the route is a business or residential route, and also on the size of the route's post office ([Cost Ascertainment Group (CAG)] A-E or F-L). Within each stratum, routes are geographically ordered, and a systematic random sample of routes is selected."[2] In previous city carrier data sets filed with the Commission, the "STRATUM" variable associated with the CCCS sample record indicated whether the sampled route-day was on a residential route from a CAG A-E post office, a

---

[1] United States Postal Service FY 2016 Annual Compliance Report, December 29, 2016.

[2] Library Reference USPS-FY16-34, December 29, 2016, file "USPS-FY16-34_CCCS_Preface.pdf," at 4.

residential route from a CAG F-L post office, a business route from a CAG A-E post office, or a business route from a CAG F-L post office.[3]

   a.   Please discuss the reasons why the sampled route-day selection was previously made on these four strata.

   b.   Please specify how the FY 2016 "UBUS," "URES," and "UIOCS" sample-selection strata differ from the "UBSA2E," "UBSA2L," "URSA2E," and "URSA2L" strata.[4] Please discuss the reasons for any sampling changes and the impact on the resulting sample estimates.

2.   Please discuss how the CCCS identifies Standard flats, Enhanced Carrier Route (ECR) Basic flats, ECR High Density flats, ECR Saturation flats, and Every Door Direct Mail-Retail (EDDM-R) flats. Are there circumstances in the CCCS where pieces marked as Standard Mail (without an ECR marking) would be ECR mail?

   a.   If so, please discuss and provide the methodology and rationale for the mail volume assignment.

   b.   If not, please discuss any related analyses.

City Carrier Cost System

3.   Library Reference USPS-FY16-32, December 29, 2016, Excel file "I_FORMS-Public_FY16.xlsm," tab "I-CS07 CCS" contains a note in the "CASED MAIL" column for the following highlighted Standard Mail products (High Density and Saturation letters, flats, parcels, and EDDM-R) stating: "Proportion of mailer saturation presort mail letters and flats that are cased. This amount goes into the

---

[3] *See, e.g.,* the "ALD750JZ" program that assigns the first-stage weights for the sampled routes so that the sampled routes are weighted to represent all residential routes in the CAG A-E (stratum "URSA2E"), all residential routes in CAG F-L (stratum "URSA2L"), all business routes in CAG A-E (stratum "UBSA2E"), or all business routes in CAG F-L (stratum "UBSA2L") in the fiscal year quarter. Docket No. ACR2014, Library Reference USPS-FY14-34, December 29, 2014, file "USPS-FY14-34_CCCS_Preface.pdf," at 9-10.

[4] "UBSA2E," "UBSA2L," "URSA2E," and "URSA2L" are the sample selection strata used in the USPS-FY14-34, "ALD750JZ" first-stage sample weighting program, and "UBUS," "URES," and "UIOCS" are the sample selection strata used in the USPS-FY16-34, "ALD750JZ" first-stage sample weighting program. *See supra* nn.3-4.

Cased Mail Key. The remainder goes into the Saturation Key." Please specify how the proportion of mailer saturation presort mail letters and flats that are cased is identified for each of the Standard Mail products to which this note applies.

4.   USPS-FY16-32, Excel file "I_FORMS-Public_FY16.xlsm," tab "I-CS07 CCS" contains a note in the "Sequenced" column for the "EDDM-Retail" row that states: "Put the EDDM-R in the sequenced key for YTD, requires further analysis, maybe carwash." Please explain the basis of the note and the reason(s) why further analysis is needed.

5.   USPS-FY16-32, Excel file "CS06&7-Public-FY16.xlsx," tab "Input DK" contains a note for the EDDM-R volumes in the "Sequenced" column that the "EDDM-Retail volumes were combined with the High Density and Saturation Flats/Parcels volumes." Please explain the rationale and basis for combining the EDDM-R volumes with the High Density and Saturation flats and parcels volumes.

Management Operating Data System (MODS)

6.   Please provide the FY 2016 daily MODS volumes and workhours by plant, operation, and tour. For each record, please include the following information: Finance number (plant finance number, 6 digits); site ID[5]; Date (YYYY-MM-DD format); MODS tour (1, 2, or 3); Operation (3-digit MODS operation); FHP (MODS First-Handling Pieces); TPH (MODS Total Pieces Handled); TPF (MODS Total Pieces Fed); Nonaddtph–MODS Non-Add TPH; Hours–MODS workhours; and Facility type (*e.g.*, MODS, NDC, REC, ISC, etc.).

7.   Please provide the FY 2015 MODS data prescreen file comparable to Excel file "mods2016_prescreen.xlsx" provided in USPS-FY16-23, December 29, 2016, file "USPS-FY16-23.zip," folder "Programs."

---

[5] Please use the same site ID that was used in USPS-FY16-23, Excel file "mods2016_prescreen.xlsx," folder "Programs."

8.   Please provide a crosswalk of the FY 2016 MODS finance number to the FY 2016 IOCS finance number for that facility.

9.   In USPS-FY16-23, the Postal Service states that: "the Postal Service believes the FY[]2016 productivity data for manual letter and manual flat operations are unreliable due to an underlying change to the workload imputation methodology for those operations in MODS."[6] Further, it recommends that the FY 2015 rather than the FY 2016 productivity data be used for these operations. *Id.* The Postal Service describes the FY 2016 changed workload imputation methodology as "[a] Lean Six Sigma effort [that] replaced the facility-specific factors with national factors derived from allowances in the Mail Processing Variance (MPV) system as of the start of FY[]2016." *Id.* at 2.

   a.   Please discuss the reasons why both the manual letters and flats contain negative and zero workload volumes in USPS-FY16-23, Excel file "mods2016_prescreen.xlsx," file "USPS-FY16-23.zip," folder "Programs."

   b.   Please refer to Order No. 2076 at 20 (Table 4).[7] Please describe the reasons for the year-to-year changes in the manual letter and flats productivities. Please specify in your response the year(s) in which the workload methodology changed.

   c.   Please specify why the Postal Service believes the FY 2015 manual letter and flats productivities are more accurate than the values for earlier fiscal years.

   d.   Please discuss any additional quality assurance measures the Postal Service has taken to resolve the underlying MODS data issues and the reasons why existing procedures were ineffective in FY 2016.[8]

---

[6] USPS-FY16-23, file "USPS-FY16-23.Preface.pdf," at 1.

[7] Docket No. RM2014-1, Order on Analytical Principles Used in Periodic Reporting (Proposals Six Through Nine), May 8, 2014, at 20 (Order No. 2076).

[8] *See* Order No. 2076 at 15-26.

Data Documentation

10. The Postal Service provided its FY 2016 workhours by Labor Distribution Code (LDC) in response to Chairman's Information Request (CHIR) No. 3.[9] Please provide any updates to the complete list of the LDC matrix of the National Workhour Reporting System the Postal Service provided in Docket No. R2006-1.[10]

11. The Postal Service provided Handbooks F-45, F-65, F-75, F-85, and F-95 in connection with the Commission's rules pertaining to periodic reports in FY 2009.[11]

   a. Please provide any updated F-45, F-65, F-75, F-85, and F-95 handbooks.

   b. If the handbooks have not been updated since the Postal Service's FY 2009 Periodic Reports filing, please provide any methodology or policy update materials issued to date.[12]

---

[9] Responses of the United States Postal Service to Questions 1-2, 4-9, 11-13, 15-19, 23, 28, and 31-33 of Chairman's Information Request No. 3, January 13, 2017, question 1.

[10] *See* Docket No. R2006-1, Library Reference LR-L-55, May 3, 2006, file "LR-55.zip," folder "LR-L-55 electronic version (.doc & .excel)," subfolder "lr-l-55 part1," file "_Labor Distribution Codes.pdf."

[11] *See* United States Postal Service Handbook F-45, *Data Collection User's Guide for In-Office Cost System*, October 2004 (Handbook F-45); United States Postal Service Handbook F-65, *Data Collection User's Guide for Cost Systems*, September 2001 (Handbook F-65); United States Postal Service Handbook F-75, *Data Collection User's Guide for Revenue, Volume, and Performance Measurement System*, October 2003 (Handbook F-75); United States Postal Service Handbook F-85, *Data Collection User's Guide for International Revenue, Volume, and Performance Measurement System*, September 2006 (Handbook F-85); and United States Postal Service Handbook F-95, *Statistical Programs Management Guide*, June 2005 (Handbook F-95).

[12] The Postal Service did previously provide Handbook F-45 updates as part of Docket No. ACR2014, Library Reference USPS-FY14-49, February 19, 2015.

12.   Please provide the most current M-32 MODS Handbook.[13]

13.   Please provide the FY 2016 MODS operations number definitions.

By the Chairman.

                                        Robert G. Taub

---

[13] The Postal Service states in a CHIR response that it had provided the Commission the M-32 MODS Handbook in Docket No. ACR2010, Library Reference USPS-FY10-44, February 28, 2011. *See* Docket No. ACR2014, Responses of the United States Postal Service to Questions 1-8, 10-11, and 14-15 of Chairman's Information Request No. 7, February 19, 2015, question 2. However, the referenced MODS-related document (file "ChIR.4.Q17.MODS.pdf") is only an Appendix of the Operations Definitions.